GOVERNMENT OF INDIA
STEEL
LOK SABHA

STARRED QUESTION NO:621
ANSWERED ON:09.05.2002
CLOSURE OF STEEL PLANTS
JAYABEN B. THAKKAR;T.M. SELVAGANAPATHI

Will the Minister of STEEL be pleased to state:

(a) whether some steel plants are closed or are on the verge of closure, or have become less-productive during the last two years;

(b) if so the details thereof;

(c) the reasons therefor, plant-wise;

(d) the profit earned/loss suffered by the steel plants under SAIL during 2001-2002, plant-wise; and

(e) the steps taken/proposed to be taken by the Government to make them effective, operational and profit earning units?

Answer

MINISTER OF STATE IN THE MINISTRY OF STEEL (SHRI BRAJA KISHORE TRIPATHY)

(a)to(e): A statement is placed on the Table of the Lok Sabha.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE LOK SABHA STARRED QUENSTION NO.621 TO BE ANSWERED ON 9.5.2002 TABLED BY SHRIMATI JAYABEN B THAKKAR & SHRI T M SELVAGANAPATHI REGARDING CLOSURE OF STEEL PLANTS

(a)&(b): In the primary sector (capacity more than half a million tonne of crude steel per annum), no steel plant has closed or has become less productive in the last two years. However, in some of the steel plants, production has gone down marginally mainly due to operational reasons.

In the secondary sector, out of 188 Electric Arc Furnace (EAF) units working in the early nineties, only 38 are working now.Out of the 949 Induction Furnace (IF) units working in the early nineties, only 657 are working at present.

(c) The primary reasons for non-working of steel plants are
(i) excess supply and low demand for steel in the domestic market,
(ii) import of steel at low prices,
(iii) falling steel prices,
(iv) high production costs,
(v) closure of important export markets for the Indian steel due to protectionist measures initiated by a number of importing countries,
(vi) general slow down in the Indian economy and recessionary trends in the global steel market and
(vii) technological obsolescence, with particular reference to the secondary sector.

(d) Financial performance in terms of profits earned by SAIL plants, plant-wise during 2001-2002 (April-December) is as under:

(Rs. In Crores)

Plant/unit	2001-02 (April-Dec.)
BSP	(+) 223
DSP	(-) 204
RSP	(-) 797
BSL	(-) 239
ASP	(-) 107
SSP	(-) 112
VISL	(-) 70
Other Offices/Units	(+) 16
SAIL	(-)1290
IISCO	(-) 155

(e) The Government has taken several steps to help steel plants. Some of these steps are
(i) constitution of a National Campaign Committee to promote steel consumption through development of markets especially in the rural areas,
(ii) encouraging usage of steel in new application areas such as grain storage systems, crash barriers in highways and expressways,
(iii) providing financial support to R&D ventures in iron and steel sector to reduce production cost and improve quality and
(iv) organising seminars for dissemination of knowledge on the use of steel.

In addition, SAIL has also taken the following measures to improve the performance of its plants:

- Intensive cost control drive which envisages improvement of yield, reduction in consumption of coking coal and other raw material, reduction in consumption of power & fuel, reduction in consumption of stores & spares, improvement in other key techno-economic parameters, etc.

- Implementation of Voluntary Retirement Scheme (VRS).

- Market oriented product-mix, increasing sales network and more focus on customer satisfaction etc.

Further, the Government of India has also approved in February, 2000, a financial and business restructuring package for SAIL comprising:

- Waiver of loans advanced to it from Steel Development Fund (SDF) to a value of Rs. 5073 crores and Rs. 381 crores from the Government of India.

- Provision of government Guarantee with 50% interest subsidy for loan and interest thereon of Rs. 1500 crores to be raised by SAIL from the market to finance reduction in manpower through Voluntary Retirement Scheme (VRS).

- Government guarantee for loan and interest thereon of Rs. 1500 crores to be raised by SAIL from the market primarily for meeting repayment obligation on past loans during 1999-2000.